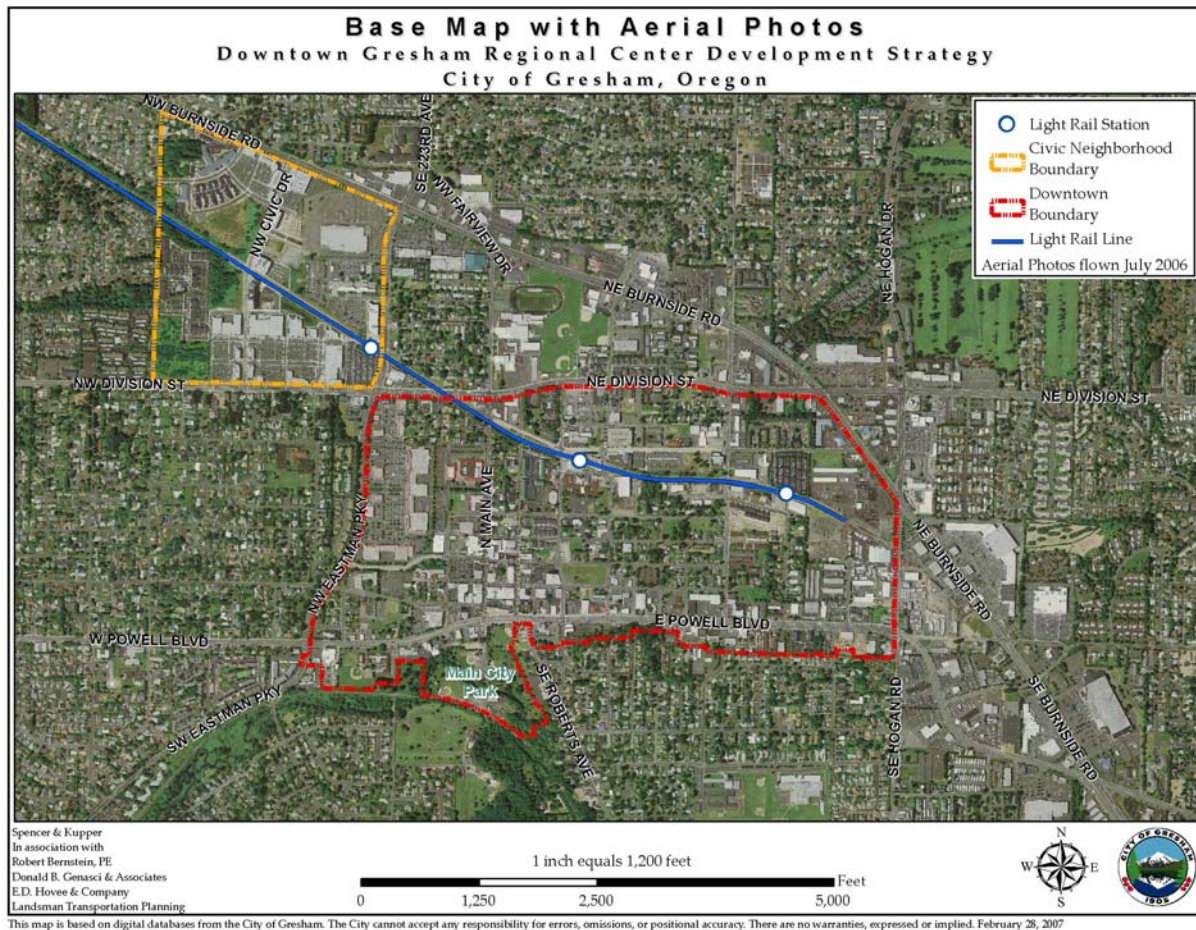


Gresham Downtown Regional Center Development Strategy

Downtown Regional Center Development Strategy Memo Final Report & Draft Recommendations



Prepared for:

**City of Gresham, Oregon
Oregon Department of Transportation**

August 15, 2007

City of Gresham, Oregon
Downtown Regional Center Development Strategy

**Downtown Regional Center Development
Strategy Memo**

An implementation strategy for the Gresham Downtown Regional Center.

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Downtown Regional Center Development Strategy Memo

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I. INTRODUCTION

The purpose of this memo is to outline development strategies and implementation recommendations designed to achieve the Vision for Downtown Gresham, overcome barriers to investment in Downtown, and to encourage Regional Center type development. (WOC Task 9.2)

This memo builds on the final recommendations developed in an earlier report, *Assets, Barriers and Opportunities, and Strategies & Implementation*, August 2007. The full list of technical reports and memos which form the basis for the Downtown Strategy are listed below and included as Appendices to this document:

Citizen Involvement Program Report, August 2007
Existing Conditions Analysis, April 2007
Final Vision Narrative & Graphics (Repeated here), 2007
Changes to Conditions and Circumstances Report, June 2007
Update Conditions and Analysis Memo, June 2007
Market Research Report, June 2007
Opportunity Sites Report, June 2007
Transportation Assessment Report, July 2007
Assets, Barriers and Opportunities, and Strategies & Implementation Memo, August 2007

The study area is made up of the Downtown Plan district of the Gresham Regional Center. **Figure 1** is a Base Map of the study area. The area is bounded by NW Division Street to the north, NE Burnside Road and NE Hogan Drive to the east, Powell Boulevard (both sides) to the south and NW Eastman Parkway to the east. The entire area contains approximately 301 acres excluding public right of way. The MAX LRT line serves the district with two Light Rail Transit (LRT) stations.

Figure 1



II. VISION STATEMENTS-WHAT WE ARE TRYING TO ACHIEVE

As part of this planning process, a Citizens Advisory Committee and a Technical Advisory Committee have been actively involved in all aspects of the project. The *Citizens Involvement Program Report*, August 2007 describes the entire involvement program. The overall vision for Downtown Gresham and more specific vision statements were developed by the CAC and TAC are summarized in the following statements. Illustrative plans and sketches of future vision elements are also included:

Downtown Gresham is the focus of the community. Downtown is recognized by every person in the City as the place where pedestrian rather than automobile scale predominates, where work, living, retail and entertainment uses make this place an exciting destination, where public parks, streets and squares support the public life of the community, and where transportation options offer access to destinations throughout the region.

Downtown is seamlessly connected to the Gresham Civic Neighborhood, and together these two districts form the Gresham Regional Center. Each district has distinct but complementary roles. Within the Downtown, smaller neighborhoods such as the Historic Core, Arts District, Civic Service Center, and Hotel/Conference Center areas have unique characteristics and together make Downtown the heart of the City.

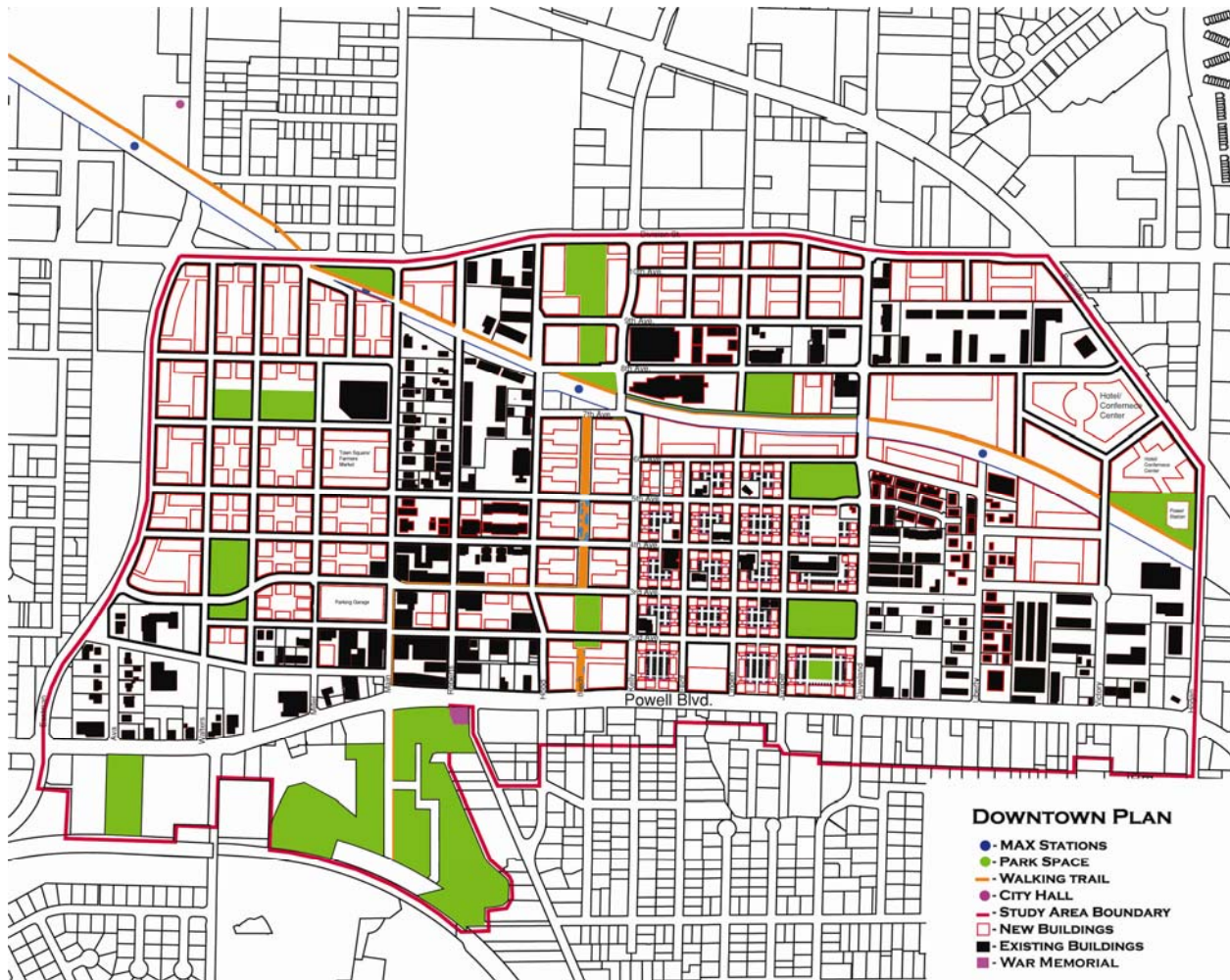
Downtown is a success due to an effective public-private partnership with broad community support that ensures on-going investments in the area and provides for stable funding for needed improvements. Downtown's urban neighborhoods provide opportunities for a variety of businesses, for unique housing options that appeal to a wide range of residents, and for cultural, educational and entertainment activities found nowhere else in the City.

The following vision statements describe in more detail how Downtown Gresham will look in the future. See Figure 2.

A. Land Use & Development

1. Downtown Gresham includes residential and employment uses, restaurants and shopping opportunities, cultural amenities and public facilities making it an 18 hour mixed use district. Redevelopment to a more intensive commercial, residential, and mixed use character has occurred throughout the Downtown, while the traditional storefront character of the Historic Core has been preserved.
2. The most densely developed areas are within walking distance (1/4 mile) of MAX stations, and high volume transit streets. Moderate and high density housing, retail commercial and office employment uses are located near MAX stations in buildings up to 80 feet tall. Reduced densities and building heights are allowed in areas more remote from major transit services and in the Historic Core along Main Avenue.

Figure 2
Illustrative Vision Concept



3. Taller buildings close to MAX stations are carefully placed so as to maintain view corridors to Mt. Hood to the east and the buttes to the south. Building heights along Main Avenue are compatible with the character of the Historic Core.
4. Downtown has a balanced mix of residential and commercial/office uses. Mixing of residential and commercial uses on important priority streets where high levels of activity are desired is permitted and encouraged. Other streets are quieter or less active and have primarily residential



BIRD'S EYE VIEW OF HIGH DENSITY MIXED-USE BUILDING ON 7TH AVE.

uses.

5. Existing auto-oriented commercial uses on the perimeter of the Downtown continue to serve passing traffic on adjacent boulevards. Through redevelopment, existing and new businesses on the perimeter are oriented to adjacent streets, and are also well connected to adjacent Downtown neighborhoods.
6. Auto repair and service uses have relocated from areas near LRT stations to well designed developments in locations with good access to surrounding arterials.
7. Major employment anchors, including multi-story office buildings are located Downtown.

B. Mobility, Access & Circulation

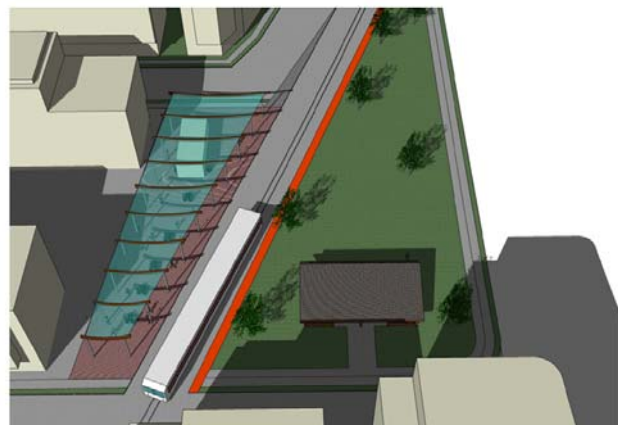
8. Downtown is safe for pedestrians and bicyclists and is designed for pedestrians without excluding the car.

9. Downtown and MAX stations have north-south linkages to surrounding neighborhoods and activity centers such as Mt. Hood Community College, Mt. Hood Medical Center, Springwater, Damascus and Troutdale/Fairview/Wood Village by frequent transit service (MAX extension, streetcar/trolley line or 15 minute bus service) and by safe pedestrian and bicycle facilities.



VIEW OF MAIN ST. MAX STATION AND ADJACENT PARK

10. MAX not only connects the Downtown to the rest of the region, it provides intra-city connections to more local activity centers such as the Civic Neighborhood, Rockwood, and others.



AERIAL VIEW OF MAIN ST. MAX STATION AND ADJACENT PARK

11. MAX stations and the rail line itself are more urban in character, safe and convenient for pedestrians and designed with lighting, furnishings, shelters and pavements appropriate for a mixed use center. As also proposed in the Civic Neighborhood Design Charrette, the MAX right-of-way and adjacent area is a design element that helps unite Downtown with Civic Neighborhood and has the following features:

- Like the west side MAX stations at The Round, Orenco Station and Downtown Hillsboro, the MAX tracks are located in pavement rather than on ballast, and the stations have been upgraded with enhanced shelters, artwork, and other urban features.
- Within the right-of-way is the Art Walk/bike path and a linear greenway with trees which connects to and goes through Civic Neighborhood
- Adjacent developments are oriented to the facility with outdoor features that complement the public Art Walk and greenway such as landscaping, plazas, courtyards, outside seating areas and artwork. Building walls facing MAX have windows and entrances, instead of blank walls.

12. Tree lined boulevards with separate bikeways and pedestrian paths form the perimeter of the Downtown.

13. Multiple, direct street, pedestrian and bicycle connections are provided to transit stops, shopping, Main City Park and the Springwater Trail. A special pedestrian/bicycle boulevard, the Art Walk, connects the Arts District to Main City Park, the MAX stations, the Civic Neighborhood, and other nearby attractors, and includes a wide variety of art projects incorporated into the design.



VIEW OF NEW TOWN SQUARE ENTRANCE FROM MAIN ST.

14. Key streets and pedestrian connections have been extended to enhance pedestrian and vehicular circulation, to break up oversized blocks, to increase street frontage, to extend the existing small block grid beyond the Historic Core area, and to connect to the Civic Neighborhood.



AERIAL VIEW OF NEW TOWN SQUARE

15. Adequate parking is available that matches need with parking supply. On-street and public and private off-street parking is managed for the benefit of the area.

C. Housing

16. A wide variety of moderate and high density housing exists in the Downtown. Housing is well designed and attractive, well maintained, and meets the housing needs of the range of people working in the Downtown. Accessory housing is also permitted.

17. A mix of owner-occupied and rental housing and a wide variety of housing types are located in the DGRC and are affordable by a range of income levels.

18. Average residential densities are achieved that support economic transit usage.

19. Similar land use types and building scales face each other across streets.

D. Design

20. Enforceable design regulations are in place for the built environment.

21. The notable design characteristics found in the historic downtown core, its commercial mix dominated by small-scale specialty retail and offices, is preserved and enhanced. This traditional store front environment has been extended throughout the central core area.

22. A pedestrian friendly environment that is safe, inviting and friendly has been created throughout the Downtown by:

- Encouraging all new buildings to be placed close to adjacent sidewalks and streets, with parking placed behind, under or to the side of buildings. The primary orientation of buildings is to the street, rather than to parking lots.
- Prohibiting blank walls that abut public streets, providing visual interest on all walls that are visible from public streets, and requiring door and window openings or other features to enhance attractiveness and pedestrian interest at ground level.
- Providing for pedestrian oriented lighting, lighting that helps make Downtown a relatively safe/secure place, and rain protection.
- Providing for the convenience, safety and benefit of the disabled.
- Regulating the size, placement and appearance of parking lots.
- Regulating the size, placement and appearance of signs so that they are oriented toward the pedestrian. Auto-oriented signage is allowed around the perimeter of Downtown, along arterial streets.



AERIAL VIEW OF HIGH DENSITY MIXED-USE ON 7TH AVE.

23. Sub-districts within Downtown maintain distinctive, complementary characteristics. These sub-areas are listed below and shown in Figure 4:

- Historic Downtown Core
- Gresham Town Fair
- Arts District
- Industrial Transition Area
- Civic Service Mixed Use Area (former Division Mixed Use Area)

24. Historic resources such as churches, the Mayor's House and Carnegie Library have been restored and integrated into the fabric of the area.
25. Public art and private art projects within new developments are evident throughout the Downtown, particularly in the Arts District.
26. Sustainable design and green development practices contribute to the character of the area, for both public and private projects.

E. Special Places & Attractors

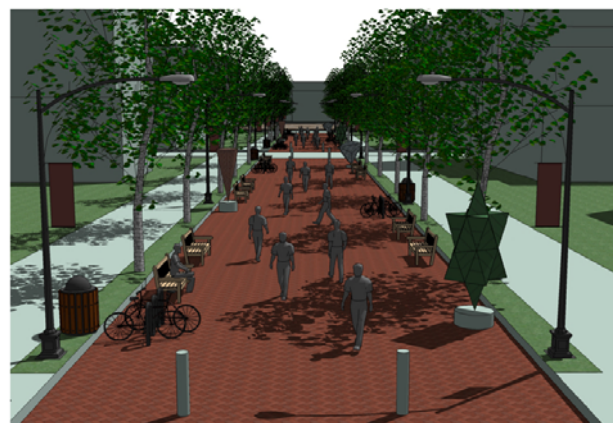
27. The Center for the Arts and plaza serve as a focal point for the Downtown. The place is suitable for concerts, performances, arts-based educational activities, outdoor performances, and arts-based promotional events and displays.
28. Parks, plazas and other open spaces are easily accessible from anywhere in the Downtown and provide green places for visitors and residents alike.



AERIAL VIEW OF 8TH AVE. PARK BLOCKS

29. Main City Park is connected to the Downtown from the Main Avenue Historic Core and other linkages from the Downtown. The park is well planned, and complementary activities occur that enhance both areas. Main Avenue has a direct connection to the Springwater Corridor.

30. Major attractors for residents and tourists such as the Arts Center, an all season Farmer's Market, Community College and Hotel/Conference Center serve as anchors for the DGRC and offer significant employment opportunities.



VIEW OF BEECH ST. ART WALK

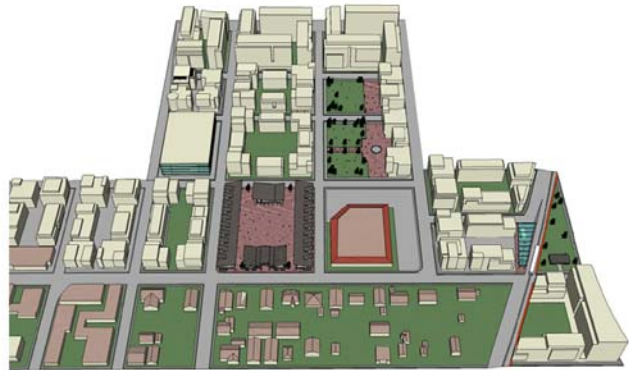
31. The Art Walk is a regional attraction. It begins at Main City Park, at the Springwater Trail, extends north through the park and crosses Powell Blvd. to the Center for the Arts plaza. It then continues further north along Beech Ave (a shared use "festival style" street) in the Arts District, connects to the MAX bike/ped path/greenway and continues west in the MAX right-of-way through Civic Neighborhood. Alongside the

path are sculptures and in the summer, particularly in the Arts District, there are outside art shows and craft displays nearby.

F. Sub-Area Neighborhood Opportunities

32. Historic Downtown Core

- The Historic Core on Main Avenue and mixed use corridor on Roberts Avenue south of 5th Street
- 3rd Street provides an east-west link to the Arts and Gresham Town Fair Districts
- Main Avenue at Division is a gateway into the Downtown:
 - Redevelopment opportunity
 - MAX Station, park, visitor center
- The west side of Main Avenue north of 5th Street
 - Redevelopment opportunity
 - Pedestrian-oriented uses
 - Campus environment
 - Shared parking



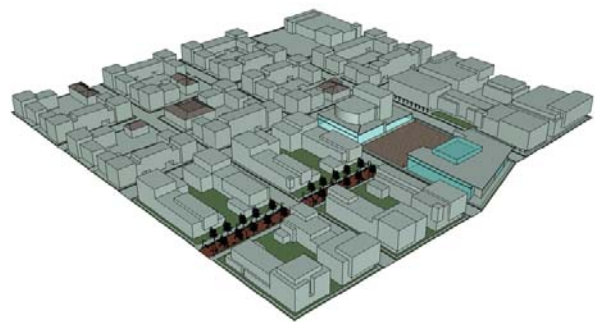
AERIAL VIEW OF THE NEW DOWNTOWN PLAN FOR THE GRESHAM TOWN FAIR AND HISTORIC DISTRICT

33. Gresham Town Fair

- As shopping center redevelops, connections to the Historic Core emphasized
- Redevelopment opportunities along 2nd Street and Victoria Avenue
- Shared parking

34. Arts District

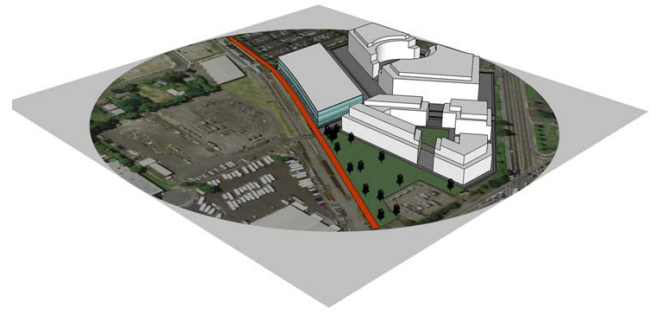
- Center for the Arts Center and plaza
- Studios, galleries, lofts and live-work spaces
- Small neighborhood park
- Mixed use residential areas
- Grocery store opportunity
- Art Walk along Beech Avenue, connecting to Main City Park and MAX
- Good auto access for businesses along Powell Boulevard



AERIAL VIEW OF THE ARTS DISTRICT

35. Industrial Transition Area

- Service cluster opportunity
- Redevelopment of PGE sites- Hotel/Conference Center opportunity
- Connect Hogan Drive and Burnside Road areas to MAX
- East-west street connections needed to link this area to the rest of the DGRC



AERIAL VIEW OF HOTEL AND CONVENTION CENTER

36. Civic Service Center Mixed Use Area

- Civic Service Center around Gresham Central Station MAX Stop:
 - County facilities, Tri Met parking structure already there
 - Shared parking opportunities
 - Redevelopment opportunities
 - City Hall complex opportunity
 - Employment focus area
- Mixed use residential redevelopment south of Division Street



AERIAL VIEW OF HIGH DENSITY MIXED-USE ON 7TH AVE.

III. ASSETS, BARRIERS & OPPORTUNITIES

An important activity undertaken to develop strategy recommendations is to analyze the assets, barriers and opportunities for regional center type development in Downtown Gresham, and to outline the steps for achieving those development types. The *Assets, Barriers and Opportunities, and Strategies & Implementation Memo*, August 2007 goes into detail to identify these factors which are summarized below.

A. Existing Downtown Plan and Development Policy

Downtown Gresham is part of one of the seven Metro-designated Regional Centers in the Portland area. Centers are compact, mixed-use areas of high-density housing, employment and retail that are pedestrian-oriented and well served by public transportation and roads. The seven regional centers are complementary areas of economic activity serving large markets outside Portland. They are the most accessible areas in the region by auto and high-quality transit, highways and pedestrian-oriented streets.

Specific Standards. Specific use and development standards may need to be modified. An example is that some auto service uses now located within the DT District are non-confirming uses, which has caused reluctance for business to reinvest and improve many of these properties. Another example is the maximum building height in the DT District.

Architectural Design Review. Design standards are general and are currently advisory only. There appears to be support for more certainty related to design standards that are more focused on Downtown Gresham, and approval procedures including design review as an important element.

B. Existing Land Use and Development Patterns

A report entitled *Existing Conditions Analysis*, April 18, 2007 includes a detailed description and analysis of land use, development, infrastructure, and transportation conditions within the study area. Based on the information developed for this report, the following assets, barriers and opportunities are identified.

1. Assets

The Downtown is already a focus for many civic and public facilities. South of the MAX Line, public parking lots, the library and post office are located south of NW 5th Street between NW Miller and SE Hood Avenues. The Proposed Center for the Arts site is east of SE Hood Avenue between NE 2nd and 3rd Streets. Multnomah County Aging Services the National Guard Armory, Alpha School, parking and the Tri Met Park & Ride structure are located north of the MAX Line. Main City Park is located south of W. Powell Boulevard and includes the Springwater Trail. Also south of W. Powell Boulevard is the County Courthouse (Multnomah County Department of Justice). The City and County are presently discussing relocating the courthouse in a new facility at a different location. The existing facility may be a redevelopment opportunity. Other important civic uses located just outside the study area include Gresham City Hall in the Civic Neighborhood, and Gresham High School north of NW Division Street.

Large properties offer development and redevelopment opportunities. Over 42% of lands within the planning area are owned by property owners who control more than 100,000 square feet of land area. The Gresham Town Fair and PGE are two of the largest private property owners in the study area. Properties controlled by both organizations offer long term redevelopment opportunities. The City of Gresham, Tri Met and Multnomah County are also large public property owners, and parcels currently publicly owned also represent redevelopment opportunity.

There are significant redevelopment opportunities within the area due to vacant, publicly owned, and underdeveloped properties. Properties that are publicly owned, vacant, small single family structures and other properties such as the PGE site at the end of the MAX Line have improvement to land value ratios of 1/1 or less. Over half of the total parcels in the study area representing 45% of the land area have low value ratios less than 1/1. Almost

65% of the land area has value ratios less than 2/1. This suggests that there is significant long term redevelopment opportunity throughout the study area.

2. Barriers

Small parcels and land ownership patterns east of Roberts Avenue. Much of the area east of Roberts Avenue and south of the MAX line is currently single family in individual ownerships, in spite of zoning that allows much more intense development. Consolidating parcels to form more suitably sized properties for mixed use development will be a challenge.

Poor connections between the Downtown and Civic Neighborhood. In spite of the proximity of these two areas that form the Regional Center, visual and physical linkages are poor, particularly pedestrian connections at the intersection of NW Division and NW Eastman Parkway. Improving the connections is a high priority.

C. Market and Development Factors

The *Market Research Report*, June 2007 provides an assessment of market opportunities for the Regional Center and the *Opportunity Sites Report*, June 2007 evaluated potential mixed use development against real market and cost constraints. The major points from these analysis are summarized below:

The MAX Connection. There is nearly two decades of experience – especially with regard to the growing nexus between LRT and development. In the last decade, transit-oriented development has picked up along the entire MAX corridor including commercial, residential and mixed use development in and near downtown Gresham.

Market Area Demographics. Gresham's population is now considerably more diverse than that of the region. As an increasingly urban neighborhood, downtown likely will need to more tightly define its market niche to set itself apart from the competition both in Gresham and regionally.

The Downtown Area Needs To Attract More Residential Development. The area currently has a population density of 7 people/acre, which is low for an urban center. Additional residential density will support additional commercial growth and overall activity levels in the regional center.

Retail Development. For downtown Gresham, there remains the opportunity to capitalize on consumers' growing appetite for pedestrian scale, village retail such as Gresham Station, NW 23rd Avenue, or Bridgeport Village.

Office Development. Downtown Gresham's opportunity to re-enter the Class A market probably depends on an economic development approach – attracting corporate tenants who choose Gresham for reasons such as non-Central City MAX accessibility plus access to a substantial labor force that now endure substantial work trip commutes.

Residential Community. Some urban housing opportunity was realized in the 1990s, especially with townhomes but less so with more dense forms of mid-rise condo development. A key opportunity and challenge for Gresham is to transition from the initial townhome products to now also encompass more urban scale, higher density and higher cost mid-rise condo projects needed for a more vibrant downtown mixed use environment.

Civic Space. Over the last two decades, cities in the Pacific Northwest and beyond have re-discovered the vital role that major civic facilities can play in maintaining or re-energizing declining city core areas. As in other communities, decisions about locating and investing in facilities as diverse as city halls, arts centers, parks and open spaces, sports complexes and even public parking may prove pivotal to downtown revitalization in Gresham as well. The impact is both *symbolic* as a visible demonstration of public commitment to the downtown and *real* by bringing (or keeping) public employees and patrons who also shop as part of their trip to a public facility.

The *Opportunity Sites Report*, June 2007 addressed development potential associated with three opportunity sites in the downtown study area including – including site identification, outline of development programs, project costing, financial analysis and strategies for overcoming any financial gaps. The three opportunity sites selected by the City of Gresham for further evaluation are listed below. Figure 4 shows their location:

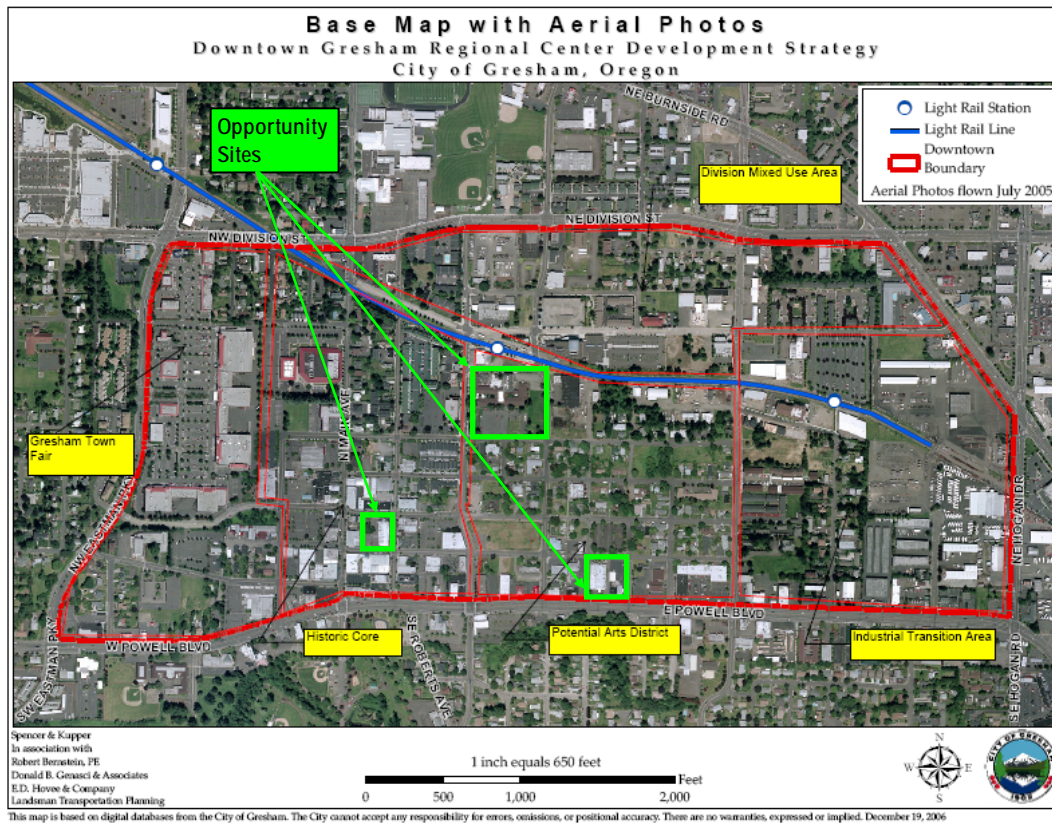
Site A: Fronts Roberts Ave between 2nd & 3rd St. Assumed is an approximately 62 unit condominium development situated above 18,750 square feet of ground floor retail and a 62 space below grade parking garage. The all-in development cost (including land, site prep, construction and soft costs) is estimated at \$17.4 million.

Site B: L-shaped site fronts both 5th St & Kelly Ave. A mixed use development with 186 units including 57 townhomes and 129 condominium units together with 12,960 square feet of ground level retail and 232 spaces of below grade parking. 5-6 story condos on one of the two block faces with 2-3 story townhomes on the other block face is assumed. All-in development cost (in 2007 dollars) is estimated at \$51.3 million.

Site C: Whole block bordered by Powell Blvd, Elliott & Linden Ave, & 2nd St. This is identified as the best of potentially available sites for a specialty grocery store of 25,200 square feet together with 83 on-site parking spaces – at an effective ratio of close to 3.3 parking spaces per 1,000 square feet. Total development cost of a “vanilla shell” before tenant improvements is estimated at \$5.2 million.

A financial *pro forma* represents a projection of project valuation versus cost of development – including land, construction and soft costs. Projects deemed as financially feasibility for which valuation upon completion equals or exceeds cost of development:

Figure 4
Opportunity Sites



- Site A mixed use development (with 62 residential units) achieves value that is 93% of project cost, meaning that development cost exceeds valuation upon completion by more than \$1.3 million. With Site A, financial feasibility is achievable if condo selling prices increase from the \$250 level projected by just \$25 to \$275 per square foot.
- Site B which accommodates more development (186) units achieves value on completion that is somewhat closer to financial feasibility at 95% of project cost. However, due to the larger scale of this project, the financial gap is nearly \$2.8 million. With Site B, financial feasibility can be achieved if condo prices increase from \$250 to \$265 per square foot and townhome pricing increases from \$225 to about \$240.
- Site C which is programmed for a specialty grocery achieves value that is 8% above cost, assuming that high end rental rates equivalent to \$25 per square foot can be secured. However, the grocery may be under-parked with only about 3.3 spaces per 1,000 square feet of building area. Also noted is that a grocer may prefer to own their own space, rather than lease from a third-party developer/owner. Because Site C is already feasible on paper but potentially under-parked, the sensitivity test has been to assess effects of acquiring nearby unimproved property sufficient to achieve a parking ratio of 5.0 spaces per 1,000 square feet. Assuming land prices comparable to tax assessed values away from

Powell Boulevard (estimated at about \$10 per square foot), the project still is in a range approximating feasibility – with valuation upon completion at about 99% of estimated development cost.

There is no guarantee that market prices will move up to levels needed to eliminate any financial gap and assure project feasibility. Based on the detailed pro forma analysis conducted for this report, the following refined strategies also may be suitable for consideration:

- Provision of added off-site parking for overflow residential use – as structured parking programmed with the pro formas is below current parking ratios for Gresham but are compatible with urban pedestrian amenities and proximity to MAX light rail.
- Value engineering – though construction cost savings should not unduly compromise project quality and resulting required market appeal.
- Public streetscape, pedestrian amenities and parks – creating a unified downtown Gresham look.
- Provision of public off-site (and possibly on-site) infrastructure and/or assistance if required with environmental remediation.
- Waiver or deferral of systems development and hook-up charges – most appropriate in previously developed areas with infrastructure already available.
- Downtown marketing – form downtown visitor and convention organizations, and continue to support/expand the existing Economic Improvement District. There are a variety of funding options.
- Tax increment financing / urban renewal – as this funding source can prove instrumental as a means to support and affect many of the other potential strategies.

D. Existing & Needed Infrastructure

A report entitled *Existing Conditions Analysis*, April 18, 2007 includes a detailed description and analysis of infrastructure and transportation conditions within the study area. Based on the information developed for this report, the following assets, barriers and opportunities are identified.

1. Assets

Existing infrastructure is already in place. The study area is currently served by water distribution, sanitary sewer and storm water facilities. The City has completed systems master plans and has a capital improvement program that identifies specific needs, proposed improvements, and in some cases, has committed funding for high priority projects.

2. Barriers and Opportunities

Infrastructure needs are identified, but current funding is inadequate. There is a long list of water distribution, stormwater, improvements and parks, trails and open space improvements identified in the *Existing Conditions Analysis*, April 18, 2007. Identifying additional funding sources to construct these projects is a major challenge.

E. Existing and Needed Transportation Improvements

A report entitled *Transportation Assessment Memo*, June 28, 2007 includes a detailed description and analysis of transportation conditions within the study area. Based on the information developed for this report, the following assets, barriers and opportunities are identified.

1. Assets

Existing transportation infrastructure is already in place. The study area is currently served by a grid street system, sidewalks and transit including LRT. The City has completed a Transportation Systems Plan (TSP) and has a capital improvement program that identifies specific needs, proposed improvements, and in some cases, has committed funding for high priority projects.

2. Barriers and Opportunities

Transportation needs are identified, but current funding is inadequate. There is a long list of street, pedestrian and bike, and transit improvements included in the City's TSP but funding for design and construction is unidentified. The *Transportation Assessment Memo*, June 28, 2007 describes these funded and unfunded transportation projects. Support for all of the transportation improvements noted above is recommended in order to achieve the Vision for Downtown Gresham. Identifying additional funding sources to construct these projects is a major challenge.

Additional transportation needs are identified. As part of the *Transportation Assessment Memo*, June 28, 2007 additional transportation improvements and management recommendations were made. Funding for these improvements has not been identified. These project also need to be included in the TSP and made eligible project for funding from Systems Development Charges and Transportation Impact Fees.

F. Implementation Tools and Programs

A report entitled *Conditions & Circumstances Report, Update Conditions and Analysis Memo*, June 2007 evaluated the changes to conditions and circumstances since the Downtown Plan was adopted in 1995.

1. Assets

Many implementation tools found to be important to successful development and redevelopment programs are currently in place. Economic Improvement District (EID), Vertical Housing Development Zone, TOD Tax Exemption, and Community Development Block Grant funds dedicated to downtown projects already exist. Funds from Transportation Impact Fees and System Development Charges should be available for qualified transportation, infrastructure and parks improvements.

A public/private partnership in the form of the City of Gresham and the Gresham Downtown Development Association (GDDA) has already achieved success. The city and GDDA, representing downtown business and property owners, have been successful in undertaking a wide range of projects that benefit the downtown. Funding for GDDA through an Economic Improvement District has provided stability and continuity. Maintaining and strengthening this partnership should be a high priority.

The City has experience and a proven success in the Gresham Civic Neighborhood. Metro's publication *Ten Principles for Achieving 2040 Centers*, 2002 features the Civic Neighborhood as a case study for successful Regional Center development. The principles used to support development of the Civic Neighborhood are transferable to Downtown.

2. Barriers and Opportunities

Additional funding sources are needed to support Regional Center type developments and district-wide improvement. A primary barrier to achieving the Vision is reliable funding for the capital improvement projects needed to support development and redevelopment, and to create a community where people will want to live, work and invest.

IV. DEVELOPMENT STRATEGIES & IMPLEMENTATION RECOMMENDATIONS

This section is derived from the analysis of assets, barriers and opportunities presented earlier in this report, and outlines implementation strategies and actions designed to achieve the Vision for Downtown Gresham and encourage Regional Center-type developments. Strategies and implementation recommendations are organized into four major categories: City plans, codes and development standards; Funding for transportation and infrastructure improvements; Organization, marketing and recruitment; and Support and incentives for desired development types. Priority actions and next step responsibilities complete the strategy.

A. Revise City Plans, Codes and Development Standards

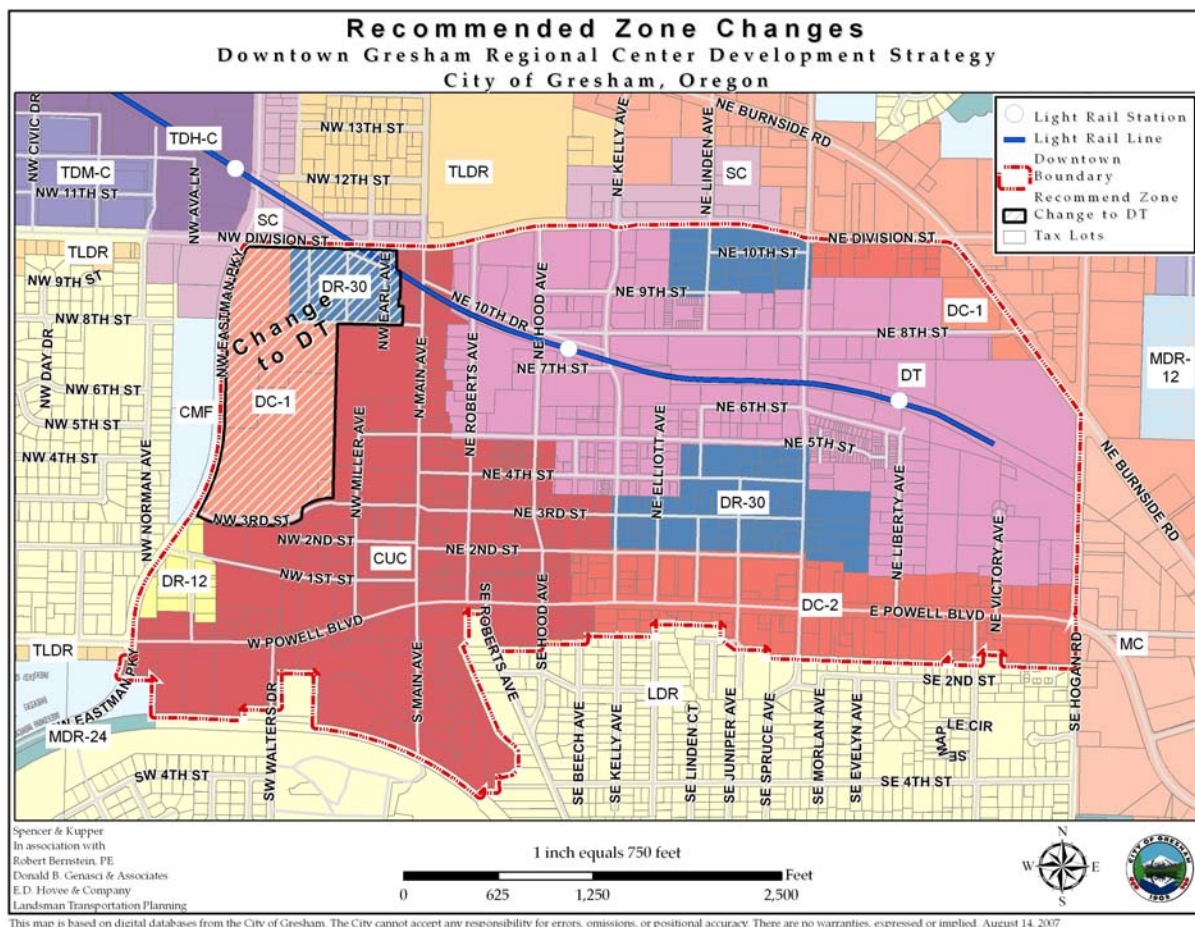
As a result of this planning process, the City should enact a plan, code and standards amendment process within the next six months in order to address the following:

- Amend goals and policies in the Comprehensive Plan to reflect the Draft Vision Statements included as Section II of this report.

- Amend the base zoning map based on the final Vision approved for the Downtown, in particular, a DT designation for the area on Eastman Parkway currently zoned DC-1, and an area south of Division west of Main Avenue currently zoned DR-30.
- Amend Downtown Plan Sub-District Development Standards to allow maximum heights of at least 150 feet in the DT district. This will permit high buildings located near MAX and the arterial transit streets.
- Consider amending the zoning map by expanding the DC-2 district in the southeast part of the Downtown district, near NE Victory Ave. and Hogan Rd. This would provide an area for the existing non-conforming auto service uses in the DT district to relocate where they would be permitted (conforming) uses. Also consider allowing limited improvements in the DT district for non-conforming commercial/industrial uses so that they can do reasonable building and property upkeep/maintenance.
- Amend architectural design review requirement to include required design guidelines and standards for the entire Regional Center, and establish approval procedures that offer both an administrative and quasi-judicial approval track to applicants. Special consideration should be given to development along Beech Ave. In addition, we recommend that strong attention be given to incentives or regulatory streamlining that can serve to offset both regulatory issues of importance to development interests – whether real or perceived.
 - A key regulatory challenge for Gresham is to implement land use and design standards, guidelines and criteria that may serve to *raise the bar* – but not so much as to preclude market responsive and financially feasible development.
 - As is documented by the market analysis, downtown Gresham area rents and values are relatively low and therefore increase the difficulty of achieving projects that can cover cost of construction plus provide a reasonable rate of return to the owner/investor. Consequently, it is recommended that careful consideration be given to the cost ramifications of any proposed changes in development regulations.
 - It can be useful to know whether a community is in a weak or strong market position. Communities or districts experiencing strong demand are in better position to raise the bar than those in a weak market position. Weak market communities may be better off to offer incentives for early stage development to *get the ball rolling* before *upping the ante* with increased regulatory complexity or cost.
- Amend the Transportation System Plan as needed to include the additional transportation improvements and standards as recommended in the *Transportation Assessment Memo*, June 28, 2007. These improvements include:
 - Pedestrian street designation and improvements, sidewalks at least 8 feet wide
 - Main Avenue & pedestrian street traffic calming

- Arts-Walk Special Character street (Beach, 2nd to LRT)
- Signage and way-finding program
- 300 foot block faces required in Town Fair Center redevelopment
- Miller/Powell signalization-ped. access to Springwater Trail and Park
- Division/Eastman intersection-ped. improvements
- LRT “fareless” connections within the Regional Center
- Downtown parking management
 - Limit on- and off-street parking to 2 hours in the central core and enforce
 - Implement a private parking leasing program
 - Acquire new strategically located public parking lots
 - Construct long-term parking structures on public lots as needed
- High capacity transit connections between Downtown and Mt. Hood Community College, Mt. Hood Legacy Hospital, Troutdale, Wood Village, Fairview and the Springwater, Damascus and Pleasant Valley areas.
- New MAX LRT station at Main Street and NW Division.

Figure 5
Recommended Zone Changes for Gresham Town Fair Area



B. Identify Funding for Transportation, Infrastructure and Other Public Improvements

A number of needed transportation, infrastructure and other public improvement projects have been identified and are included in the City's Transportation Systems Plan and Capital Improvement Program. Section III of this report summarizes these needed improvements. The majority of these projects, however, are currently unfunded. A key strategy for a successful Downtown Gresham Regional Center is to identify new or expanded funding sources for many of these projects, a number of which are needed to support more intense mixed use development.

Table 1 identifies a range of funding sources for a variety of capital improvement projects. This strategy recommends three key funding sources to augment current funding for transportation, infrastructure and public improvements:

- Pursue the formation of an urban renewal district to include the entire Regional Center. Adopting an urban renewal plan for the entire Regional Center in order to provide a reliable funding source for capital improvement projects and a mechanism to carry out long term economic development activities is strongly recommended.
- Establish the highest priorities for spending Transportation Impact Fees and System Development Charge revenues within the Regional Center. Establish policies that TIF and SDC fees generated by developments within the Regional Center are earmarked for improvements within the Regional Center.
- Pursue the formation of Local Improvement Districts to augment other funding sources such as tax increment financing, and Transportation Impact Fees and System Development Charges.

Table 1
Funding Capital Improvement Projects

Funding Capital Improvement Projects											
CAPITAL IMPROVEMENT PROJECTS	COSTS	FUNDING SOURCES: CAPITAL IMPROVEMENT PROJECTS									
		IST	GT	GF**	G.O.	LID	SDC	OED	RB	TIF	EID
CAPITAL IMPROVEMENT PROJECTS											
STREET & PEDESTRIAN ELEMENTS											
Streetscape improvements	MED			X	X	X				X	
Median landscape improvements approaching intersections	HIGH			X	X	X	X			X	
Artswalk Improvements	HIGH			X	X	X	X			X	
Parkway enhancements	HIGH		X	X	X	X	X			X	
Mid-block pedestrian crossings	MED			X	X	X	X			X	
Transit center and park improvements	HIGH	X		X	X	X	X			X	
Consolidate property access	MED			X	X	X				X	
Enhance intersections with pavement and ornamental landscape	MED-HIGH		X	X	X	X	X			X	
Parking acquisition and construction	MED-HIGH	X	X		X	X	X			X	
PARK & NATURAL AREA IMPROVEMENTS											
Expand open space/trail svstem	HIGH			X	X	X	X			X	

CAPITAL IMPROVEMENT PROJECTS	COSTS	FUNDING SOURCES: CAPITAL IMPROVEMENT PROJECTS									
		IST	GT	GF**	G.O.	LID	SDC	OED	RB	TIF	EID
Create a Civic Plaza with gardens, seating and special paving	MED-HIGH			X	X	X	X			X	
Pedestrian promenade (artwalk) and public plaza	MED-HIGH			X	X	X	X			X	
Park acquisitions and improvements	HIGH			X	X	X	X			X	
BEAUTIFICATION IMPROVEMENTS											
Enhance entryway and landscape, monumentation	MED			X	X	X				X	
Preserve existing trees	LOW			X		X				X	X
Permanent growers and arts market	MED			X		X				X	
Develop signs, banners, etc. for each district with common themes	MED					X				X	X
PUBLIC BUILDINGS & FACILITIES											
Construct Civic Center and other public buildings	HIGH			X	X			X		X	
Locate public buildings such arts center and conf. center	HIGH			X	X			X		X	

Cost Estimates

HIGH-	\$500k or greater
MED-	\$100-500k
LOW	Less than \$100k

Implementing Sources: Capital & Marketing Projects

IST-	Fed. ISTEA program	GT-	Gasoline Tax
SDC-	System Development/Transportation Impact Fees		
OED-	Or. Economic Development Dept.-Public Facilities		
GF-	City General Fund **	RB-	Revenue Bonds
GOB-	General Obligation Bonds	TIF-	UR Tax Increment Financing
LID-	Local Improvement District	EID-	Economic Improvement District

** General Fund is considered only as a source for planning capital improvements, and street tree maintenance

C. Identify Organization, Marketing and Recruitment Programs

As discussed in the previous section of this report, the City and the Gresham Downtown Development Association have been successful in undertaking a wide range of projects that benefit the downtown. Funding for GDDA through an Economic Improvement District has provided stability and continuity. The following strategies focus on organization, marketing and recruitment strategies and involve both the City of Gresham and the GDDA:

- Continue to support funding for GDDA through an Economic Improvement District. Maintaining and strengthening this partnership should be a high priority.
- Develop and implement a multi-faceted public relations/advertising program that sends a consistent, memorable message about the Downtown and Regional Center to the target audience.
- GDDA should take a lead role in parking management programs, including:
 - Developing a program for long, short, and very short term parking.
 - Advertise the parking management program.
 - Manage a private parking leasing program with assistance from the City.

- Downtown Gresham’s opportunity to re-enter the Class A market depends on an economic development approach – attracting corporate tenants who choose Gresham for reasons such as non-Central City MAX accessibility plus access to a substantial labor force that now endure substantial work trip commutes. The City and GDDA should focus on this potential for business recruitment.
- There is an opportunity for Downtown Gresham to capitalize on consumers’ growing appetite for pedestrian scale, village retail. The City and GDDA should focus on this potential for business recruitment.
- Over the last two decades, cities in the Pacific Northwest and beyond have re-discovered the vital role that major civic facilities can play in maintaining or re-energizing declining city core areas. In Downtown Gresham, four major civic facilities are identified in the Vision:
 - Center for the Arts
 - Plazas and neighborhood parks
 - A new City Hall Civic Center Complex
 - A new Convention Center and Hotel

The impact of civic facilities is both *symbolic* as a visible demonstration of public commitment to the downtown and *real* by bringing (or keeping) public employees and patrons who also shop as part of their trip to a public facility. On-going activities supporting feasibility assessment, design, recruitment, and fundraising should be supported.

Table 2 summarizes various marketing and promotion activities, and potential funding sources for those activities.

Table 2
Funding Marketing & Recruitment Activities

MARKETING & RECRUITMENT ACTIVITIES	COSTS	FUNDING SOURCES: MARKETING & RECRUITMENT									
		IST	GT	GF	G.O.	LID	SDC	OED	RB	TIF	EID
		MARKETING & PROMOTION ACTIVITIES									
MARKETING & PROMOTION ACTIVITIES											
Implement a multi-faceted public relations/advertising approach that sends a consistent, memorable message to the target audience.	LOW			X							X
Measure and evaluate results of advertising and marketing efforts.	NA			X							X
Make adjustments as necessary and continue to move ahead with a multi-faceted marketing approach.	NA			X							X

Cost Estimates

HIGH- \$500k or greater
 MED- \$100-500k
 LOW Less than \$100k

Implementing Sources: Capital & Marketing Projects

IST- Fed. ISTEA program GT- Gasoline Tax
 SDC- System Development/Transportation Impact Fees
 OED- Or. Economic Development Dept.-Public Facilities
 GF- City General Fund **RB- Revenue Bonds
 GOB- General Obligation Bonds TIF- Urban Renewal Tax Increment Financing
 LID- Local Improvement District EID- Economic Improvement District

D. Develop Incentives for Desired Development Types

The Vision calls for exciting new development types emerging in the Downtown District. These included mixed use projects, mid-rise office developments, and high quality multi-family housing. These development types and configurations currently are rare, or not found at all in Gresham.

Realistically, a transformation of development types will depend almost entirely on developer initiatives. Those initiatives, in turn, will result from a variety of economic, market, lifestyle, and cost factors that are beyond the City's control. Even if the City wished to force or expedite the transformation, the means at its disposal are limited, and would be enormously costly. The marketplace will dictate when the time has come for the transforming developments. It is impossible to predict how soon that time might come, but the future sometimes arrives sooner than we expect.

It is important that the Downtown District planning effort proceed with these understandings about private development.

- The role of private development is the key to a true Downtown District.
- Private development actions that help achieve objectives of the Downtown District must be encouraged, and assisted when possible and necessary.
- Assistance to private development is not a giveaway. There are financial returns from these developments in terms of taxable values, and intangible returns to the community in terms of convenience, choice, and even in community image, character, and livability.

With that said, options for direct assistance to private development are small-scale, at least in the near term. They include:

- Setting up a more comprehensive redevelopment loan and grant program.
- Providing technical assistance for market or site studies, architectural assistance, etc.
- Considering fee waivers or reductions for desired development types.

Overall, the City's role will be that of setting the table for private development. It can do so by:

- Implementing the low-cost financial incentives note above.
- Adopting an urban renewal plan for the Downtown District and possibly the entire Regional Center in order to provide a reliable funding source for capital improvement projects, and a mechanism to carry out long term economic development activities.
- Making public investments to improve the look and functionality of the District. Even low-cost improvements should be carried out with much fanfare, to let the public and development community know things are happening.
- Adopt design standards to encourage the type and look of development in the Downtown District area. Financial incentives and design could work hand in hand; that is, the level

of financial assistance could be tied to the development's conformance with design or other standards.

- Remaining flexible enough to respond to an opportunity with a major investment.
- Demonstrating through a sustained series of actions that it has the will and commitment to work with private and public developers to make the Downtown District a success.

Table 3 summarizes operational activities and development assistance programs that should be undertaken by the City. Funding sources to support these activities are outlined as well.

Table 3
Operational and Development Assistance Programs

IMPLEMENTATION ACTIONS	COST ESTIMATES	IMPLEMENTATION SOURCES: OPERATIONAL AND DEVELOPMENT ASSISTANCE							
		GF	EID	LID	GO	TIF	OED	RB	PDCA
OPERATIONAL AND DEVELOPMENT ASSISTANCE PROGRAMS									
FINANCING & POLICY ACTIVITIES									
Establish an Advisory Committee to guide the implementation program.	NA	X				X			
Continue with an Economic Improvement District (EID)	LOW	X	X			X			
Fund a marketing program	LOW-MED		X						
Form an Local Improvement District (LID) for specific improvements	LOW	X	X			X			
Prepare and adopt an Urban Renewal Plan	LOW/MED	X	X			X			
Target development fees toward improvements, adopt applicable ordinances	LOW	X				X			
Develop a detailed improvement plan including cost estimates	LOW	X	X			X			
Continue the designated District for Vertical Housing Tax Abatement	LOW	X				X			
Identify a public process to create a design review program, adopt development code amendments.	LOW	X	X			X			X
Prepare street and streetscape design standards for the District, adopt development code amendments.	LOW	X				X			X
DEVELOPMENT ASSISTANCE PROGRAMS									
Assistance in land assembly and acquisition (G.O. only for public projects)	HIGH					X	X		
Building rehabilitation loans and grants	LOW-MED					X	X		
Infrastructure and parking assistance	HIGH	X	X	X	X	X			
Property tax relief, such as Vertical Housing Tax Abatement	LOW	X							
Fee Waivers or reductions	LOW	X							
Technical assistance, such as market or cost analysis, or architectural assistance	LOW		X			X			

Cost Estimates

HIGH- \$500k or greater
MED- \$100-500k
LOW Less than \$100k

Implementing Sources: Operational Expenses and Development Assistance Programs

GF- City General Fund
EID- Economic Improvement District
OED- Or. Economic Development Dept.
TIF- Urban Renewal Tax Increment Financing
PDCA- Policy & Development Code Amendments
LID- Improvement District
GO - General Obligation Bond
RB- Revenue Bonds

E. Urban Renewal as a Primary Funding Source

As discussed earlier in this section, a major challenge is developing funding sources for many of the capital improvement projects described in the plan and needed to achieve the Vision for Downtown Gresham. The section includes an analysis of the potential for an urban renewal district and tax increment financing capacity as a primary capital improvement funding source.

Urban Renewal is in use in many cities and counties throughout Oregon, including Gresham, as an important funding tool for capital improvement projects.

An Urban Renewal Plan must first be adopted by the City and meet requirements set out in ORS 457. Once in place, the County Assessor certifies the assessed value within the urban renewal district at the time of plan adoption, then any property taxes paid on increases in assessed value beyond the initial certified value go to the urban renewal agency. This is called tax increment financing. The urban renewal agency can then spend tax increment funds on projects authorized in the urban renewal plan. Being within or outside an urban renewal district has no impact on property taxes paid by individual property owners.

The City of Gresham has already established one urban renewal district in the Rockwood area. City charter requires that formation of an urban renewal district and use of tax increment financing must be approved by the voters. Creation of an urban renewal plan and report must be carefully considered, involve the general public, local stakeholders and other interested parties, and be closely linked to achieving important city-wide objectives. Realizing the Vision for Downtown Gresham is a city-wide goal, and the improvements needed to make the Vision a reality: transportation improvements, parks and open spaces, infrastructure improvements, building rehabilitation, business incentives, etc. are the kind of projects that urban renewal districts help finance. An urban renewal plan should include both the Downtown and Civic Neighborhood portions of the Regional Center.

Table 4 summarizes the tax increment revenue generating capacity for three alternative development assumptions for the Regional Center. Alternative A assumes a modest growth of new developments of \$75 million within the Regional Center over a 25 year period and relies on annual value growth in assessed values from the “frozen base”. The current assessed value within the Regional Center is approximately \$240 million. Alternative B assumes a moderate level of growth of new developments of \$125 million. Alternative C assumes an aggressive rate of growth of new developments of \$225 million over a 25 year period.

Table 4
Summary of Tax Increment Capacity

Tax Increment Revenue Forecasts	Modest New Growth-\$75M	Moderate Growth-\$125M	Aggressive Growth-\$225M
Year 5			
Annual Tax Increment Revenue	\$735,000	\$735,000	\$735,000
Cumulative Tax Increment Revenue	\$2,402,000	\$2,402,000	\$2,402,000
Year 10			
Annual Tax Increment Revenue	\$1,654,000	\$1,654,000	\$1,796,000
Cumulative Tax Increment Revenue	\$8,774,000	\$8,774,000	\$9,180,000
Year 15			
Annual Tax Increment Revenue	\$2,746,000	\$2,949,000	\$3,442,000
Cumulative Tax Increment Revenue	\$20,248,000	\$20,827,000	\$22,941,000
Year 20			
Annual Tax Increment Revenue	\$4,042,000	\$4,531,000	\$5,543,000
Cumulative Tax Increment Revenue	\$37,781,000	\$40,191,000	\$46,253,000
Year 25			
Annual Tax Increment Revenue	\$5,582,000	\$6,465,000	\$8,225,000
Cumulative Tax Increment Revenue	\$62,509,000	\$68,495,000	\$81,754,000

The forecasts account for the differences in development values by alternative. For these forecasts, it was assumed that an urban renewal area would be established for the entire Regional Center, that the tax rate for tax increment revenues is \$17.34/1000 assessed value, that an annual value growth increase of 2.75% would apply, and that an urban renewal program would extend for 25 years. The report *Assets, Barriers and Opportunities, and Strategies & Implementation Memo*, August 2007 includes more details on the assumptions and analysis.

Conclusions regarding these forecasts are:

- The majority of the tax increment revenue, approximately \$51 million over the 25 year period, is due to the indexed growth of the existing assessed value within the Regional Center.
- The differences among the alternatives range from \$62 million assuming modest new growth over the next 25 years, and more than \$81 million assuming a relatively aggressive rate of development.
- Adequate tax increment revenues will likely be available over the life of the district to complete many of anticipated public improvements, development incentives and marketing programs recommended in this strategy.
- Adequate tax increment revenues will also likely be available to fund other priorities such as Housing assistance and incentives, Mixed-use assistance and incentives, Residential rehabilitation assistance and incentives, and Façade improvements assistance and incentives.

Priority Activities and Action Plan

The strategy outlined above requires a long-term commitment by the City, property owners, business and residents of the Regional Center and the entire city to achieve the Vision for Downtown Gresham. The organizational structure is already in place in the partnership between the City and GDDA to take a leadership role in moving action items forward.

The highest priority or *Signature Projects* are described below. These projects should be undertaken within the next six months and completed within the next calendar year.

1. Revise City Plans, Codes and Development Standards. A number of Comprehensive Plan, Development Code, Transportation System Plan and other ordinances amendments summarized earlier need to be made so that public policy is in sync with the Vision for Downtown Gresham. Revising the architectural design review standards and procedures is particularly important so that development applications made within the next year comply with appropriate guidelines. This overall activity should be a high City priority.

2. Undertake a Process to Create an Urban Renewal Plan and Take the Plan to the Voters. Creation of an urban renewal plan and report must be carefully considered, involve the general public, local stakeholders and other interested parties, and be closely linked to achieving important city-wide objectives. Realizing the Vision for Downtown Gresham is a city-wide goal, and the improvements needed to make the Vision a reality: transportation improvements, parks and open spaces, infrastructure improvements, building rehabilitation, business incentives,

etc. are the kind of projects that urban renewal districts help finance. An urban renewal plan should include both the Downtown and Civic Neighborhood portions of the Regional Center.

The outcome of a public vote on urban renewal will greatly clarify what public improvements can be undertaken in support of the Vision, and the timing of those improvements. Preparing the Plan is the responsibility of the City. Preparing for a vote is a private sector responsibility.

3. Develop and Implement a Multi-Faceted Public Relations/Advertising Program. The marketing program should send a consistent, memorable message about the Downtown and Regional Center to the target audience. GDDA should take the lead on this activity.

4. Prioritize Short-Term Capital Improvement Projects and Development Incentives in Two Key Areas. When the opportunity exists, the City should focus capital improvement planning, grants, SDC and TIF projects to areas within the Downtown that have high public visibility, opportunity to incent private sector investments, build on momentum created by known or already funded projects, and create significant impact. These areas are:

- **The 3rd Street Corridor/Festival Street on Beach from NW Miller Avenue to NE Cleveland Avenue.** Support for the Center for the Arts project, ArtsWalk, streetscape improvements linking to Main Avenue, and incentives for private development projects should be priority activities and additional actions should be identified. Actions along 3rd Street help support the Historic Core area and the emerging Arts District.
- **Connections between Downtown and the Civic Neighborhood.** The best place for the connection is the intersection of NW Division and Eastman Parkway. This high volume intersection with a high accident rate needs to become a major pedestrian connection connecting the Civic Neighborhood with the Downtown. While there is a pedestrian cycle for the traffic signal including a visual timer for walking, this 5 lane with left turn lane in each direction is difficult for pedestrians to cross. This intersection is made more difficult by the five to six foot wide sidewalks and the lack of active uses at the sidewalk edge. Therefore the City should implement a range of improvements including:
 - Pavement treatment and gateway at the intersection to indicate a pedestrian uses
 - Constructing the MAX Trail project along the north side of the MAX line linking Downtown to the Civic Neighborhood, Rockwood Town Center and beyond.
 - Wider local sidewalks connecting Civic Neighborhood and the Downtown
 - Review of the signal timing to assess ways to improve pedestrian cycles
 - Active uses at the sidewalk, In the short term perhaps some of the parking spaces in the park and ride lot nearest the street could be relinquished for a coffee stand or some other similar use
 - Good signage that would show destinations in both areas. This signage should have a consistent theme and be placed not just at this intersection but throughout the downtown.

Another way to connect the Downtown with Civic Neighborhood is the development of a *fareless square* or in this case a fareless line between the MAX stops within the

neighborhoods. Tri-Met staff indicated that although Tri-Met is thinking of eliminating or contracting the existing fareless square, the organization would consider it.

Another transit option to connect the two neighborhoods is the use of a rubber tired trolley that would serve the Max stations as well as travel through the Downtown and the Civic Neighborhood. This service would have both capital and operating costs but may be eligible for transit grants.

5. Implement Phase 1 of a Parking Management Strategy. Limiting public on- and off-street parking within the Historic Core Area to no more than 2 hours is a Phase 1 management strategy. The elements of the strategy are described in the *Transportation Assessment Report*, July 2007, and include:

- Develop a time restriction map that includes long term-8 or more hours, short term-two hours and very short-15 minutes
- Determine funding mechanism
- Purchase and install signage
- Hire and train parking enforcement officer
- Develop and post on website map of parking by time restriction
- Advertise program

Responsibility for this activity is shared by the City and GDDA.